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## BULLETIN OF THE BUSINESS HISTORICAL SOCIETY, INC.

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## The An Lo Szu Market of Chengtu: A Field Study

Editor's Note: For the student of business history China has had a peculiar interest. It has illustrated forms and stages of business policy, organization, and technique which have nearly disappeared in the western world but which flourished there in medieval and early modern times. China, in a sense, has been somewhat in the nature of a contemporary ancestor of modern business as we know it. China's town economy, still generally prevailing in the great interior, is reminiscent of the town of medieval and early modern Europe with its small artisans and tradesmen and its market places which characterize the town and petty capitalist system of business; while China's commercial cities have marked the survival of the sedentary merchant and mercantile capitalism, long the great and coördinating business of the East as indeed it was of the West until about a century ago.

The Chinese system began about a hundred years ago to feel the impact of the Industrial Revolution and the industrial capitalism of the West, an impact which has had a marked and increasing effect in recent decades. The result has been the beginning of the breakdown of the old business systems in China and the beginning of the development of industrial capitalism in the large commercial centers. The breakdown of the old has been accelerated in recent decades—especially since the 1920's—by internal political and military strife and external pressures. Thus, what might have been an evolutionary and orderly change in China's business may result in disintegration into business anarchy and economic chaos.

It is against this larger perspective of the history of business that the following article is presented. To be sure, the article deals with the recent past in point of time, that is, with conditions as of 1945, but in a real sense it deals also with the distant past in so far as business system and organization are concerned. The author presents a case study of the use of a town market, with its

old organization and techniques and its old clientele of small tradesmen, for dealing in money and commodities in a highly inflationary and unstable situation. This development was in a measure the result of the unfortunate monetary and financial policies of the government of China, under the pressure of civil and international warfare, which upset economic values and the traditional equilibrium of the various classes. Into the old temple market of An Lo Szu in the interior of China came large numbers and diverse types of speculators and persons of property, many of whom were refugees from port cities, who were trying to benefit from inflation or to protect themselves from its effects.

An Lo Szu, a simple town market for dealing in the commodities of its trading area, suddenly was called upon to handle an altogether different type of business and one vastly increased in volume. The feeble and ineffective efforts of the local business men to regulate the market were probably the results of immaturity of development as well as of run-away inflation. Does this situation epitomize the business problems of the China of today?

The author of this article, a graduate of Yenching University and a teacher at that institution, is a student of social science and a critical observer of contemporary life in China. Deeply concerned over the critical condition of China today, Mr. Liao has attempted to study what is actually happening and also to learn the fundamental problems and changes underlying those conditions. He is now doing research work in the United States, during the present semester at Columbia University. The article which follows was written in China in September, 1945.

\* \* \* \*

#### INTRODUCTION

Of all the commercial cities that sprang up after and as a result of the recent war and which greatly affected both our private and our social lives, Chengtu might be ranked as the most nearly typical. Again, of all the markets in Chengtu which for one reason or another illustrate our abnormalities during the war, An Lo Szu is certainly the most revealing. Its manifestations are far more complicated than are the so-called stock exchange centers, i.e., those of Shanghai in the prewar years. In An Lo Szu we find hoarding, speculating, rumor-creating, bankruptcy, or getting rich overnight, as well as cheating, stealing, and the committing

of suicide. In addition, the rapid rising to or falling from a given social class, as a result of the gaining or losing of possessions, happens almost every day; and one can clearly see there the havoc that this situation perpetually plays, since the abnormal zooming of commodity prices assures the wildest and the most devastating results. An Lo Szu's activities and influences are many-sided; they have obviously gone far beyond the field of economics to bring pressure on various aspects of our social life.

In this article I shall, on the one hand, attempt to describe the actual conditions inside the market and, on the other hand, point to their effects outside the market.

#### THE ORIGIN AND DEVELOPMENT OF AN LO SZU

Popular legend has it that, after the capitulation of Shü to the Chin Dynasty, Liu Ah Tou, the only heir of Liu Pei, was given the title of An Lo Kung, and the temple of An Lo Szu was built by the Szechuan people to commemorate the deeds of Liu Hou Chu. This legend remains only a legend because we are unable to find any written record of it, and the idols in An Lo Szu are identified as the Gods of Wealth and not by any means as Liu Hou Chu.

The revised edition of the *Chengtu Hsien Record*, however, has a short statement about An Lo Szu to the effect that a certain official built as resting places both the An Lo (meaning happy) and the T'ai Ping (meaning peaceful) temples along East and West Shun Cheng Street. After these temples had been torn down by the notorious exterminator Chang Hsien Chung at the end of the Ming Dynasty, they were restored in the years of Kang Hsi of the Ch'ing Dynasty and were again repaired in the time of Chien Lung of the same dynasty. The Gods of Wealth are there to signify happiness. So far as our knowledge goes we have no way of disproving this explanation.

A bit later we come across a statement found in the history of the changes in the monetary systems in Szechuan to the effect that, during the first year of Hsun T'ung, the last Emperor of the Ch'ing, the celebrated Police Master, Chou Hsiao Huai, designated An Lo Szu as the only place for conducting money exchange and the cereal business. This is the first indication of An Lo Szu's being turned from a temple to a market center. The frequent changes in monetary systems in Szechuan, making money exchange a necessary and indispensable part of all business life, have

again reaffirmed An Lo Szu's place in the business city of Chengtu. During the tenth year of the Chinese Republic the paper business slipped into An Lo Szu unnoticed, and later also the pigeon business (only to be moved to the Central Park later); the cigarette, vegetable oil, and solid gold business (ordered to move to the Cheng Yü Tea House in 1945) came there after 1926. The famous American bank note business came in rather late, sometime in 1933. An Lo Szu is now officially named, by the Municipal Government of Chengtu, the First Market of Chengtu.

#### A BIRD'S-EYE VIEW OF THE PRESENT MARKET

The population of Chengtu has increased close to six hundred thousand as against the figure of three hundred thousand in the prewar years. People who could afford to migrate long distances from the coast as far as Szechuan were usually of the more well-to-do families. They possessed a little capital and were just waiting for the first chance to invest it. Wartime inflation has long since driven people to learn the wisdom of possessing goods or foreign exchange instead of sticking to *fa pi*, the legal tender. A thousand dollars of *fa pi* today may mean only five hundred tomorrow so far as their purchasing power is concerned.

Thus, An Lo Szu has become a natural outlet for the *fa pi* looking for a temporary resting place; hence its flourishing. Actually the Hsi Pang, merchants from Shensi, considered also as outsiders or down-river people, who joined An Lo Szu after the war began, are controlling practically all the cigarette business; and likewise the Nan Pan, people from Yunnan, are in control of the cotton cloth business.

The map which is reproduced here is a graphic presentation of An Lo Szu, showing its location in the city of Chengtu and its inner arrangements. A rough study of the map of Chengtu reveals that the meeting place of the streets Tung Yü Kai, Tung Ta Kai, and Hsun Ch'eng Kai could be considered the center of the city, though it leans a bit toward the southeast just at the right-hand corner of the old inner city. Thus, people from the four walls of Chengtu would not find it too much bother to go there daily.

On a Saturday in 1945 from 8 to 12 A.M., I counted at the entrance (the only entrance) the number of people entering An Lo Szu. The figure was 5,676. On the following day (Sunday) the number went up to 7,824. A total of 13,500 was thus obtained



for the two days, meaning an average of 6,750 each day. And these were not the days (June and July, 1945) when solid gold made a terrific jump from 110,000 *fa pi* an ounce to 230,000 an ounce, a fact attracting the attention of practically all the population of Chengtu and drawing at least twice as many people to An Lo Szu daily. During these months within a radius of 100 *li* of Chengtu, including Kuan Hsien and Chin Tang, the well-to-do class made incredible rushes to An Lo Szu for the purchase of American gold and solid gold, a fact later proved to have devastating effects on our rural economy. It would be safe to say, therefore, that there are from five to eight thousand people attending the market daily, depending on the mood of the moment.

In connection with the above estimate it is interesting to note also that there are roughly 1,500 square meters inside the entrance of the market, not to mention the thirty-some tea tables and numerous cigarette stalls inside the area. Now, if we put 6,000 as the number of people and 1,500 square meters as the area of the market, we have exactly four men to every square meter. Those who had had the experience of seeing the market would certainly agree with this estimate!

#### SOME OBSERVATIONS ABOUT AN LO SZU

An Lo Szu is open daily from 6 to 12 A.M. in the winter and 8 to 11 A.M. in the summer. On days when every minute means a change of price, a whole-day market is anticipated, sometimes even prolonged to late in the evening. If one should come to the market in the afternoon of a usual day, he would see nothing except a quiet, tranquil, little temple such as one sees so often almost everywhere in China. But if he goes in the morning, an entirely new picture is placed in front of him, a picture of lots of people running about, shouting, yelling, carrying pile after pile of *fa pi*, sweating, pushing each other, falling and then getting up, quarrelling, and even fighting. Nobody understands the word "order" there.

An analysis of the people who attend the An Lo Szu market reveals that they represent people from practically all walks of life, headed, of course, by regular business men belonging to the seventy-two trades forming different shop clubs. These men certainly come to "talk shop" and to exchange information concerning a particular trade. For the time being we call these the regulars. (Dealers in daily commodities of all kinds moved to

No. 84, T'ung Ta Kai, early in October, 1944). The irregulars vary both in kind and in quality. They range from managers of big firms, government officers, professional soldiers, and landlords from the rural areas to housewives, drivers of trucks, and sometimes teachers from different levels of schools. The only striking difference between them and the others is that the irregulars do not come every day. They have their regular professions—they come only when they think it "high time" to come.

Having no particular knowledge of any branch of business, the irregulars come in and grab anything that seems promising. They come, as it is said, to fight a guerrilla warfare, indulging merely in speculating and gambling. With a certain amount of floating capital—let's say from \$100,000 *fa pi* for the "unfortunate" class to \$50,000,000 for the well-to-do class—they go around, collecting information (or rumor), making a rapid decision, hitting a good bargain, and buying in (*p'a chin*) a certain amount at a given price and waiting for a most favorable chance for selling (*p'ou ch'u*), a few weeks, days, or even a few hours later at a changed price.

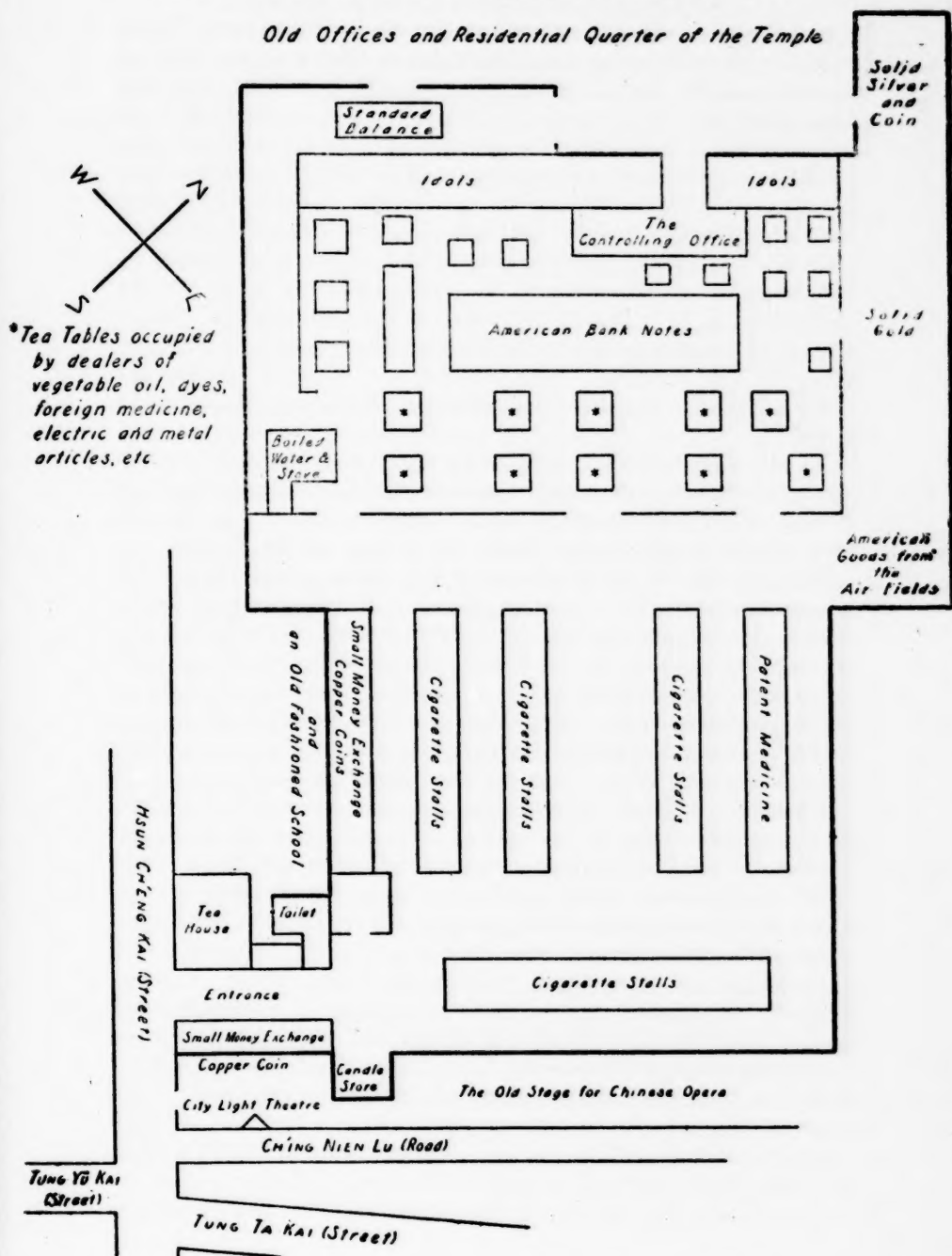
As could easily be seen, the price of a given commodity (both the American bank notes and gold coins are no more means of exchange, for they are considered commodities too) may fluctuate greatly within a day's or even an hour's time with practically no reference to the law of supply and demand. The problem here apparently is one of making full use of one's limited amount of capital by purchasing a commodity on the most favorable terms and getting rid of it at the highest peak of the week or of the month, thus turning over the capital and investing in another commodity immediately. Anyway, the prices of almost everything have been keeping up a steady climb since 1939, so that there is no danger of not being able to get back the amount of *fa pi*, no matter at what price one buys in and later at what price one sells out. In any case the amount of *fa pi* will undoubtedly be increased—the question is how rapidly and how much it will increase. If the price of a commodity increases faster and more than the prices of other things, one is making a profit; on the other hand, if its increase is slower and less than that of others, one considers oneself as losing money all the same.

Apparently dealers in An Lo Szu never do count the amount of *fa pi* increased; instead, they use the *ts'ang k'a tzu peng*, literally "storehouse capital," meaning the amount of goods at the begin-



# MAP SHOWING THE INTERIOR OF AN LO SZU

Old Offices and Residential Quarter of the Temple



ning, as the measurement of their gains or their losses. Let's say a certain dealer started by having ten pieces of gold bar (approximately 100 ounces by weight) as his "storehouse capital" in January, equivalent to \$8,000,000 *fa pi* (\$80,000 for 1 ounce); by June of the same year he was in possession of \$16,000,000, exactly twice the amount he had at the beginning. But the price of gold in June was \$220,000 per ounce. His sense of business would tell him that he was definitely on the losing side. With all the money he had then, he could get back only 81.8 ounces of gold, a gross deduction of 18.2 ounces from his "storehouse capital." As a matter of practice people never use *fa pi* as the unit of measurement on any occasion. This method of calculation is true not only in An Lo Szu but also among people engaged in the 72 trades.

In this connection we should like to mention also the fact that those who have a little capital would never think of depositing their money in the government banks. There the interest is low and their money is seen depreciating every hour and every day.

Aside from An Lo Szu's being the oldest official center for money exchange, its convenient location and the increase in the well-to-do class of the city of Chengtu, which all contributed to the rapid growth of An Lo Szu, there are still other reasons for its growth. An Lo Szu is a place where there is no tax to be paid by either the buyer or the seller. No tax collector bothers the people in An Lo Szu, a situation unknown in the history of taxation. This is probably why An Lo Szu got the reputation and the name of black market. Since there is absolutely no record of the amount of buying and selling of any kind of commodity (except American gold, solid gold, and silver coin) all deliveries not being made inside the market, we are unable to secure any reliable figures. From my conversation with brokers in American gold, solid gold, silver coin, and vegetable oil, alone, early in the spring of 1945, I estimated the transactions roughly at a total figure of about \$100,000,000 to \$200,000,000 on an average day, allowing, of course, room for big *p'a chin* (buying) and *p'ou ch'u* (selling). Cases of persons getting rid of U. S. \$100,000 (meaning approximately *fa pi* 100,000,000 in the months of March and April, 1945) were not too infrequently encountered. If you figure 5 per cent as the tax rate for all transactions, the government would be able to collect \$5,000,000 to \$10,000,000 daily.

The terrific fluctuation of the prices of commodities is yet

another reason why An Lo Szu has been so flourishing during the war. Such fluctuations drove people to An Lo Szu, and as more people attended the market, meaning more speculation and hoarding, the greater the fluctuations were. Apparently we again run into the age-old problem of the hen and the egg!

In this connection inflation is surely another factor. Nonbusiness men who were in possession of a little capital wanted to keep up the purchasing power of their money by going to An Lo Szu. Business men who were even willing to pay 10 to 20 per cent monthly interest to secure capital went there to try their luck. That is what we mean by the irregulars and regulars in this blessed market.

Realizing the presence of great disorder, the municipal government dropped its laissez-faire policy toward An Lo Szu and a committee was appointed in the winter of 1944 to take measures for its improvement. Changes of a mild nature—such as the reshuffling of different exchange centers inside the market (clearing of the entrance by moving the American gold and solid gold markets to the interior part), the rebuilding of the toilet, the prohibiting of the selling and buying of certain things (such as articles from the air fields), and the settling of problems arising from possible cheating and stealing—have gradually taken shape. A number of policemen and gendarmes were posted inside the market to see that the above regulations were carried out. To my surprise, those policemen, after receiving a little bribe, closed their eyes to, and sometimes even joined in, the selling of prohibited goods. Therefore, the condition of the market is the same as previously.

The property of An Lo Szu no longer belongs to the monks. A certain philanthropic organization is in actual control of the property of An Lo Szu, drawing regular rent from both the tea-house proprietor and the tenants occupying stall space. The total income of this organization in 1944 amounted to a little over \$600,000, part of which was used to supply medicine to those badly needing it.

Regular merchants belonging to a certain shop club usually come to an appointed tea table where cups of tea are served, to be paid for later either by the club or by the merchants in turn. A total of from 800 to 1,000 cups of tea is sold daily. However, a newcomer sees no sign or identification of these groups on any of the tables. No indication is there that this table is occupied

by oil merchants and that one occupied by bicycle-tire dealers. One has to know their faces, that is all.

#### HOW BUSINESS IS DONE

The transaction in American gold, solid gold (including gold rings, gold bracelets, chains, etc.), silver dollars, and miscellaneous articles should come under one big heading: retailing; while the rest should come under another heading: wholesaling. In both cases, however, brokers are always present.

Strictly speaking a broker is one who goes between the buyer and the seller. He knows who has the stuff and who has the money. Through his introduction and his effort in bringing the two together on a compromised price, he gets a certain amount of commission from the seller or from both buyer and seller. However, a broker in An Lo Szu leads a much more complicated life than this. Though he belongs to no organization, no one qualifies him for the job, and he bears no certificate of any sort, he enjoys a free hand in the market. Only two conditions are necessary in order to become a successful broker—the broker has to know a lot of people and he has to have good credit. An analysis of 29 brokers reveals that 12 have gone through the experience of bankruptcy and could not find anything else to do, 9 are retired salesmen, 5 are carrying on another business, and 3 have no record of business life before.

A clever broker keeps a record of all buyers and sellers in his mind. Whenever a chance presents itself, the broker, using his talent as well as his eloquence, goes around persuading people who are in possession of goods at the moment to sell—pretending to share with them very confidential information as to the expected drop of the price of certain things and assuring them of the poor quality of the stuff that they are now in possession of and even warning them to get rid of it rapidly.

If in this way the broker succeeds in getting a low price from the persuaded seller, he will immediately go to someone who has money. Another story exactly opposite to the one told a moment ago is on its way! Let's suppose that he gets a price from this buyer too. Then he compares the two prices—the difference between them is the amount of premium that he will get at the time of the transaction, *cheng chaio* (meaning volume). Such a practice is called by the name of *ch'ih pan tai mao*, literally meaning eating the price and putting on a hat. The seller does not get the

amount offered by the buyer. If the difference between the two prices is small or even nil, the broker is in a position to claim a commission, which is usually very low (for a hundred dollars of American gold, the rate is from one to three hundred dollars of *fa pi*, though there is no single rate even within the same trade).

An ambitious broker, especially in case he has a little capital, feeling certain that the price of a certain something is going up quickly, may be the buyer himself. Later he gets the first chance to sell the article, most probably managing to sell during the course of the same morning. Under such a circumstance capital is not even necessary.

In a word, there may be the longs or the shorts and their transactions may be overboughts or oversolds. The presence of a broker is more important in transactions of things other than gold and silver. After the price has been agreed upon, a simple and unofficial slip stating the kind of goods, the price, the amount, and the place of delivery has to be made by the seller, after which a very small commission (something like \$100, regardless of the amount of goods) is to be paid by the buyer. Once this is done the whole thing is set. A failure on either side to carry out the transaction would mean war! Anyone that "shakes" will be denounced by the broker in the presence of everybody in An Lo Szu. He is then considered the enemy of the people and does not expect to enter the premises of An Lo Szu again.

At the time of delivery, the broker has to come to witness the transaction. Any question arising as to the quality of the goods, the amount, etc., it is the broker's job to settle. Aside from his job of bringing seller and buyer together, he is also one on whom both the buyer and seller can depend to help settle differences.

Except for small articles, all retail and wholesale transactions are made after *k'ai p'an*, meaning the opening quotation of the day. The "opening" price of a certain thing is decided upon partly by the price set yesterday and partly by business information collected from different parts of China, the amount of floating capital at the moment, the political situation, and, finally, the movement of the dominating shop or shops and persons. (Fortunately they are not very dominating and very few in number; for example, the T'ien Yu Gold Exchange has the greatest influence over American dollars, as the T'ien Yi Gold Exchange has over solid gold prices.) Business keeps on going until sometime in the morning. *Chung p'an*, meaning intermediate quotation, is established. The

price of *chung p'an* may be lower or higher than *k'ai p'an*, depending on the amount of *p'a chin* (buying) and *p'ou ch'u* (selling).

If there are more offers to purchase than there are sales, the word *wang*, meaning firm, is heard all over, and the price is likely to go up: otherwise the word *p'i*, meaning weak or dull, is whispered around, and the price is likely to come down. Meanwhile lots of tricks can be practised. In order to fool others, people of the same gang may pretend to buy in or to sell out among themselves at a price lower or higher than the one which is actually in circulation for the moment, depending on whether that particular gang is intending to buy or to sell. One may also be seen offering fantastic prices for a certain thing by making a lot of shouts and noise, but when a real seller comes into the picture he sneaks away unnoticed. His sole intention is to confuse people and thus prevent them from knowing the real situation of either *wang* or *p'i* so that he has a chance of reaping the profit or feathering his nest.

The difference between *k'ai p'an* (opening price) and *chung p'an* (intermediate price) is usually very small. However, there are also big jumps or drops, as in the case of the American dollar and solid gold. Ten to thirty thousand dollars per one hundred American dollars or per ounce of gold may be the difference between *k'ai p'an* and *chung p'an*. Therefore, if one buys in an ounce of gold at *k'ai p'an* in a certain morning, he may be able to net \$30,000 (or he may be seen losing the same amount) when he sells it at *chung p'an*. There are numerous people who come in early every morning, make as many purchases and sales as profitable and desired, within a few hours' time gaining or losing, depending on their luck. These are nothing but gamblers.

Then we come to the *wei p'an*, the tail quotation of the day, about time for people to go home for lunch. Most people regard the tail price as the price of the day; and any further business dealt with in their respective stores will be based on this tail price in the market. Most stores send one of their men to An Lo Szu daily merely to collect information which will work as a guide to their own policy for the day.

Reports of information are closely kept and followed by all the big business firms. Statements as to the number and amount of transactions made in the day, conditions in other related cities, the number of rural retailers present, the possible importing of



certain things, the rate of postage and transportation, and the changing of government rules are found in such reports.

An Lo Szu is also a place where most rural retailers of daily commodities go. Within a radius of 50 *li* of Chengtu small rural shopkeepers go to town for all their buying. There are special brokers in An Lo Szu who deal with these rural buyers, and there are business men who are interested in selling to these country folks, alone. These folks are more easily satisfied and more easily fooled. Rural-urban relationships make their appearance even in this market.

For all transactions there is one thing deserving special attention: that is the use of figuring to decide on prices. Prices are settled by both parties subtly inside the sleeves or under the coat by indicating the ten figures with ten different figure signs, a method known to all business men and farmers. The price agreed upon remains a secret between the buyer and the seller, so that any third party would never have a chance of interfering with the deal or interrupting the bargainings. Sellers and buyers take advantage of this practice to evade taxation in any form, and brokers take advantage of it to fool both parties. That is the reason why an exact total figure of the buying and selling of the day could never be obtained. All outsiders are kept in the dark. However, for the exchange of some things, such as American cigarettes, the practice is quite different. The buyer holds out in his right hand a one-dollar bank note and shouts a price that he is ready to pay. If his dollar is taken by somebody, this somebody is the prospective seller.

There are two completely contradictory theories running parallel to each other in An Lo Szu: one is *mai chang p'u mai lo*, meaning to buy in anything when the price of it is seen going up; the other is *teh liao mai chin, chang liao p'ou ch'u*, meaning to buy in anything when the price of it is seen dropping and sell it out when the price is going up. Most people evidently do not know which to follow. Apparently there are enough people sharing the two schools of thought to keep things going in An Lo Szu!

#### A NOTE ON THE SELLING AND BUYING OF A FEW PARTICULAR THINGS

A special note should be made here of the exchange of American bank notes, solid gold, silver coins, and miscellaneous articles,

which, unlike other kinds of commodities, are delivered inside the market.

The exchange of American bank notes entered the market late in 1933. The arrival of the American Air Force is a direct reason for the flourishing of this new type of business. These notes are of five classes, based on their face value. The twenty-dollar kind is used as the standard, enjoying, for the time being, the highest rate of exchange. *Ta p'iao*, referring to fifty- and hundred-dollar notes, which once enjoyed a much higher exchange rate than the others, have been gradually dropping out of the market, especially after the United States government announced the prohibition of their reentry into the United States. In fact, those bank notes have never actually been in circulation in China.

It is the Chinese inflation policy that encouraged people to lean on something foreign. China's exchange rate had been keeping up a rather slow climb, much slower than the rise of commodity prices until late in May, June, and July, 1945, when a sudden jump of from 500 to 1 to 3,000 to 1 was being madly pursued. (The official rate kept by the government is 1 to 20.) And these unfortunately turned out to be the months that An Lo Szu came to its peak of development only to be double-crossed by the unconditional surrender of Japan.

Of all dealers in American gold dollars, local bankers occupied the greatest number. They paid high interest to attract the capital from nonbusiness people and turned all the capital into speculation in American gold dollars. As a result, heaven knows how many An Lo Szu goers are affected and how many local banks are closed!

All dealers in gold bars were ordered to move out of An Lo Szu only to settle again in the Cheng Yü Tea House early in 1945, but the exchange of gold rings, bracelets, *tola* (Indian gold coin), and other articles remained at An Lo Szu, occupying a corridor at the right wing of the main temple. The price of *tola* (99.95% gold) is definitely higher than all other gold articles. And of all gold manufacturers, T'ien Yi, T'ien Ch'ang Hung, Lo Wen Nien, and T'ien Pao enjoy an unprecedented popularity, and likewise their articles enjoy a higher price in Chengtu. Counterfeits are not often found in gold dealings in An Lo Szu, only the quality or the fineness being something for amateurs to worry about. Once the price of a certain gold article has been agreed upon, the buyer and the seller go together to the standard balance to secure its

supposedly standard weight. As a rule a little sum of money is to be paid by the seller for the weighing. During the busy months the weigher could possibly get close to ten thousand dollars daily through the weighing of from two to four hundred pieces of articles.

For both the business of American dollars and solid gold we also have what we call *ch'i huo*, forward delivery as against spot delivery. In such a case the price (usually lower than the present price) and the amount (usually at least one piece of gold bar or one thousand American dollars) are to be decided on the spot, but the date of delivery is made a week, ten days, half a month, or a month later. For people who know each other well enough, not even an earnest (ordinarily 10 per cent of the total amount) is to be paid by the buyer. "A word" from him means the same. When the day of delivery comes, the buyer is in a position to obtain his piece of gold bar or his American money, as the case may be, provided that he pays the total amount agreed upon before. On the day of delivery, the price of either gold or American dollars is certainly different from the one on the day of making the bargain. If on that day the price is lower than what was agreed upon, the buyer may pay only the difference to the seller; and the whole thing is considered settled. On the other hand, if the price becomes higher than what has been agreed upon, it is the seller's turn to pay the difference to the buyer. In either case, the presence of the gold bar or the American dollar or the total amount of capital is not necessary.

Chinese silver dollars are divided into three main kinds, namely *lung pan* (engraved with a dragon), *kuang pan* (usually bearing the late Dr. Sun's portrait), and *chuan pan* (made in Szechuan). *Lung pan*, which are made of better quality of silver, enjoy a better rate of exchange. At the time of delivery, every single dollar has to be examined thoroughly by clicking it against another one. "Real" sellers of silver dollars are people from the rural districts, places where silver dollars have been kept all these years in spite of the government's effort to block their circulation since 1929. It is interesting to note the "real" buyers too; they are the ones who engage in the buying of opium from the tribes in the mountains northwest of Szechuan, regions where only solid silver is recognized.

Miscellaneous articles are mostly imported goods from thou-

sands of miles away. The Japanese blockade measures have prevented many things from coming to China, but small quantities of precious things were somehow still able to find a way in. For example, Max Factor Society Make-up, Ronson lighters, Nylon stockings, and Parker 51 pens are not too infrequently encountered in An Lo Szu. Things that are not obtainable in the United States because of the war may be found in this market. Foreigners are often seen there selling gold dollars and buying Parker pens. It is interesting to note also that prices of such goods are at least one-third lower than those found in the big stores along Ch'un Hsi Lu. The reasons may be that there is freedom from taxation and that sales are made for cash. Supplies from the American Air Force found in An Lo Szu are enough to equip a whole army. They include outfits, soaps, tobacco and cigarettes, toilet sets, butter, cheese, milk powder, and whatnot. Fortunately the prohibition of selling such stuff was eventually put into effect, and as a result its circulation has been greatly reduced.

#### END OF THE WAR AND ITS EFFECT ON AN LO SZU

The above analysis has aimed to give a clear picture of how things are going on in An Lo Szu. But for the war, its activities would long have been limited to the simple act of money exchange and the lawful kind of business transaction. The war has created the many-sided activities of An Lo Szu, causing chaos in the business circle, encouraging the gambling inclination of many a law-abiding citizen, driving many people out of their productive firms, starting rumors that hinder our war efforts, and providing occasion for the growth of all kinds of social evils, including cheating, stealing, robbery, and, finally, the committing of suicide. The sudden obtaining of a brand new private rickshaw, parked with a few hundred others along the road outside An Lo Szu, by some lucky one is a strong enough dose of stimulus to people who find living difficult and whose salaries are insufficient to cover the ever-rising cost of food, clothing and shelter. But that lucky one's fall is as sudden as his rise. Sooner or later there comes the day when he has to sell his rickshaw, leave his home, and stay away from his debtors. In a stable society, change from one social class to another is slow or even impossible. But An Lo Szu goes keep up a stream of change from one stratum to another. Although I may be praised and worshipped by people around me today, *the same I* may be left and neglected by the same group of people tomorrow.

Within less than two weeks after the surrender of Japan, the exchange rate of American gold dollars fell from 1 to 3,000 to 1 to 800, solid gold from \$230,000 an ounce to \$70,000 an ounce, vegetable oil from \$80,000 for a hundred old *chin* to \$22,000 for the same amount. Prices of practically everything (except food and fuel) have gone down to one-half or one-third of their original market price. Hoarders and holders of things of every description have gone mad in an effort to get rid of their things quickly. There was a sudden call for *fa pi*, the very currency that was treated like paper for so long and by so many. There was the greatest confusion experienced in the history of An Lo Szu. Many people went crazy, especially those who borrowed money at high interest for such investments. Many local banks had to close, and many people went broke and had to sell everything available to pay their debts. War has created this strange An Lo Szu, and naturally the ending of it has ended An Lo Szu too.

In closing I should like to point out the fact that the temporary tranquillity in the An Lo Szu market after V-J Day did not last long. The breakdown of peace talks between the Nationalists and the Communists in Chungking served to speed up again the An Lo Szu market, and prices of commodities went skyrocketing again way ahead of the past highest levels.

T'AI-CH'U LIAO,  
Yenching University,  
Chengt'u, China.

## A History of a West Coast Firm Being Written at Stanford University

Pope & Talbot, Inc., pioneer San Francisco lumber and shipping firm, has made a \$17,500 grant to the Stanford Graduate School of Business for the writing of the hundred-year history of the firm.

The research and writing will be done by Edwin T. Coman, director of the Graduate School of Business Library and assistant professor of business history. Miss Helen Gibbs, as research associate, will assist in the research and writing.

The history will trace the development of the company from East Machias, Maine, throughout California and the Pacific Northwest. It will also touch on the many long-standing trade outlets developed by the company in China, the Hawaiian Islands, Central and South America, and South Africa. The centennial of this concern coincides with that of the gold rush in California.

A notable feature for a Pacific Coast business is that the control and management rest in the hands of the third generation of the family, George A. Pope, Jr., president and Fred C. Talbot, first vice-president. Charles L. Wheeler is executive vice-president of the firm.

Professor Coman expects to complete the research and writing within eighteen months. The results are to be published by the Stanford University Press as a book which will be one of the Stanford Graduate School of Business research series.

Carl E. McDowell, assistant to the executive vice-president of Pope & Talbot, Inc., and lecturer in the Stanford Graduate School of Business, will serve with a committee of Business School faculty members as an advisory board for the project.

The history of business, a new field of research and teaching on the West Coast, was initiated in 1946 at Stanford by Professor Coman after his return to the Stanford faculty from service with the Army Air Forces.



## Business History: Retrospect and Prospect

Business history as a separate field of academic study and research came into being twenty years ago this autumn. At its beginning it was little more than a name, but in those twenty years notable progress has been made in the development of research and teaching in the history of business. Basic research in business records has created a considerable fund of information. Wide preliminary explorations of the field have been made and a systematic concept of business genesis and evolution has been formulated. Courses of instruction in business history, whether nominal or real, have been established in several American universities. And increasingly over the years business men have been taking an interest in the subject.

The object of this paper is to attempt to explain what business history is, to take stock of what has been accomplished, to suggest paths to be followed in the future and pitfalls which should be avoided, and lastly to point to the significance of the study of business history to the scholar and the layman.

### 1. BUSINESS HISTORY DEFINED

Our first step is that of definition. I hasten to explain that I am herein speaking of business history as that subject has been defined and developed at the Harvard Graduate School of Business Administration. In other words, I am concerned with the meaning of the subject as it has been developed under the direction of those who gave the subject its name and who first worked out the methods and content of business history as a special field of historical study.

Business history, then, may be defined as the study of the administration and operation of business in the past. (It is concerned with more than the immediate past, though clearly the near past has the greatest significance for the present.) Its objectives are several. One is to give the student and reader of business history something in the way of a vicarious business experience and insight into the problems and methods of business in a highly dynamic world. Another is to give some understanding of the fundamental changes which have occurred in business administration, that is, in policy, control, and management of operations, over the whole range of experience with business, together with some explanation of how and why those changes have come.

Lastly, business history is concerned with contributing to a better understanding of the social function of business and the evaluation of the methods and accomplishments of business in the past.<sup>1</sup>

## 2. HISTORICAL BACKGROUND OF BUSINESS HISTORY: ECONOMIC THEORY AND ECONOMIC HISTORY

There have been many approaches to the study of economic life in the past. Business history is in fact a recent development in the efforts of several generations of philosophers and historians to understand the historical development of our economic system. For the comprehension of the meaning and significance of business history, it is necessary to examine briefly those earlier efforts in order to show the essential differences between business history and the various kinds of economic history and, second, to indicate the genetic relationship between economic theory and economic history, on the one hand, and business history on the other hand. The perspective of this review should give the reader a clearer view of what business history really is.

Let us begin with classical economics founded by Adam Smith, which was the first systematic body of theory about modern economic life. Here was a system of thought which was interested in the production and distribution of wealth as a secular thing, not as a concern of the Church as had been true of earlier economic thought, and which accepted the idea of profits as the object of business. Though it essentially had its roots in business itself, the economic thinking of the classical economists and their descendants, the liberal school especially, developed in large measure into a "pure science" under the influence of the natural law philosophy of the eighteenth century and became to a considerable extent a system removed from reality, static in point of view, and without a sufficient recognition of relativity to time and circumstance. Most significant in this connection, classical economics was not concerned with the business administrator—apart from recognizing his need for independent action. Business history could never have developed directly out of classical economics, though genetically it owes much to that system of economic thought.

Classical economics and the outgrowths from it have had a

<sup>1</sup> At this point the reader, if he wishes to avoid an involved presentation of the intellectual but somewhat remote background of the inception of business history, might be advised to turn to p. 182.

strong influence on economic history. Indeed, there is a type of history which was clearly conceived within the classical thought structure. This type has been concerned chiefly with the growth in the production of goods and services, transportation, and commerce, with emphasis on machine technology, ownership organization, division of labor, product, and trade routes, with some attention to government policy, but with no real interest in operation or administration. The historians of this school of thought have been mildly interested in the distribution of wealth, but because of theoretical considerations rather than for business, social, or ethical reasons. Those historians have almost wholly overlooked business and the business administrator. In method they have been descriptive rather than analytical; they have used statistics freely. They are significant in that they have been leaders in turning interest in history toward the study of the economic factor in society, thus taking an important step in the freeing of historical research from its close alliance with past politics. They have had a continuing influence on research and writing in economic history, especially in England and to some extent in the United States. This type of economic history has made no direct contribution to business history though it has produced monographs which are invaluable to the business historian.

Of great significance to business history has been the work of Karl Marx, an economic philosopher who drew much from classical thought but was a leader in establishing an opposing school. Though Marx derived most of his basic economic ideas from the classical and liberal economists, just as he also used their metaphysical method, which he modified with Hegelian dialectics, yet he is outstandingly important in that stream of development which led to business history. His materialistic interpretation of history had an incalculable influence on historiography; it was unquestionably the strongest single influence in leading historians to emphasize the economic interpretation, not essentially as a description of development or as an elucidation of the working of economic law but as an explanation of an historical process. Marx's concept of historical development as following an inevitable evolutionary pattern was an inspiration to both social reformers and historians. His labor theory of value, however, denied any contribution on the part of the capitalist and the policy-maker and manager and thus prevented Marx from making any positive contribution to the study of the business man, while his

emphasis on the class struggle and his prophecies about economic evolution and revolution have led to a distortion of much historical writing. At the same time, he focussed attention upon and gave a tremendous spur to the study of economic history as the story of an orderly process of development.

It was as the philosophical inspiration of the economic historians who were concerned with the history of capitalism that Marx made his most effective contribution to economic history. Those historians, in the United States as in Europe, have tended to write history with the facts which fitted their theory, and they have over-emphasized institutions and forces. Whatever one's opinion about the historical accuracy and the philosophical validity of their work, it is clear that they were the first to emphasize the rôle of capital and of the administrator in economic development, albeit as the instrument of great impersonal, historical forces.

While the Marxian historians contributed strongly to the development of the study and writing of economic history, their continuing influence has been adverse to the development of business history. They never recognized nor understood the function of business administration and the importance of the business administrator as a creative and coördinating factor in modern life. Writing with a cogency and clarity which were the result of the thought-framework within which they presented their historical materials, they have produced books which have by virtue of that clarity been much more effective and appealing on the whole than the works of the scientific historians, who have been more concerned with fact than with generalization and interpretation. Add to that cogent philosophy of economic development the appeal of the Marxian philosophy to the prejudices of large numbers of persons, and you have an explanation of the wide influence of this school of historians. That influence has been and remains a strong roadblock to the advance of research and study in the history of business administration.

In England, after the Industrial Revolution was well under way, there arose, out of concern for social welfare, a reaction against the laissez-faire doctrines of the classical economists. A business man, Robert Owen, first strongly challenged this basic tenet of Smithian economics as overlooking the adverse effect of industrialization on the laborer and as having dangerous implications for national well-being. It was not till after fifty

years or more that this opposition, influenced to some extent by Continental thought, took the form of an intellectual movement which opposed the then strong liberal form of classical economics and worked for reform and social reconstruction. Those English social economists were not all alike in origin, philosophy, or program, but they had a common interest in social welfare and they had a common enemy in liberal economics. Some were influenced by Marx; many were Christian or Fabian socialists; others were merely interested in reforming the existing system. They were all deeply concerned over the large number of people who were seemingly injured by the ruthless working of economic laws; they were especially exercised about the workers and the apparent exploitation of the working class then being sanctioned by classical economic doctrine.

A leading economic theorist among the English social economists of the late nineteenth century was John Hobson, who tried to place his theory in the perspective of history. Others worked in history not so much out of an interest in theory as in revealing the bad conditions resulting from British Liberal policy. Among the latter were such brilliant scholars and writers as Arnold Toynbee, the Webbs, and the Hammonds. At about the same time an American scholar, Thorstein Veblen, was publishing his bitter and incisive criticism of modern "pecuniary society" and of the modern business administrator. Such attacks, especially those of Hobson and Veblen, stimulated a new departure in economic thinking in the United States. One of the results here was to turn economic historians in the direction of social history.

The social economists and economic historians are mentioned here not so much because they made any direct contribution to the development of business history but because they contributed indirectly through their successful attacks on classical and liberal economic thought and their emphasis on the human factor in society. At the same time, in their one-sided emphasis on the evils of business and in their failure to deal with business in operation, the social economists in turn set up attitudes which have interfered with, rather than contributed to, the interest in and the understanding of administration. Though they did not all accept the Marxian concepts of the class struggle and of historical change, these economists and historians emphasized the distribution of wealth without clear regard for the factors and problems of production. In other words they helped to break

down the hold of the old traditional economic thought and they tended to deflect the new toward an emphasis on the division of the results of economic effort rather than on the better administration of production. Their humanitarian point of view has given them a strong appeal to American social economic historians and reformers, while their failure to consider internal problems in the functioning of the modern business system has been a most significant and unfortunate fact in the molding of public opinion of business.

If economic history was to be brought into touch with the realities of the economic world, it was necessary to slough off the underlying metaphysical concepts of the classical-liberal school and the Marxians and to reject the tendency of social economists to examine only a part of economic life. To do this was the aim, and in a measure the accomplishment, of the German historical economists, a school of economists which developed in Germany in the nineteenth century and reached its height around 1900.

The historical economists had many roots. By way of illustration let us consider a German theorist of the early nineteenth century, Von Thünen, who in one important respect departed from the prevailing classical theory. In *Der Isolierte Staat*, a work published in 1826, he drew a suggestive picture of a hypothetical society, existing by itself and as a unit in itself, in which the diversification of economic life and intensity of production varied with the distance from the market—the market being located in the center of the state where the population was the most dense. Von Thünen thus set up a concept of relativity as opposed to the classical absolutes or universals, but he did not take the next step of introducing the concept of change over a period of time as did the historical economists.

Two general characteristics of the German historical school are important. First and foremost, in contrast with the classical economists and with the economic liberals and historians who developed out of classical economics, the German historical economists consciously strove to use the inductive rather than the deductive method, though in practice they fell far short of their ideal. Instead of starting out with theory and using fact to illuminate it, as they with a large measure of truth accused those other economists of doing, they hoped to build up a fund of facts from which to draw theory. In other words, their method had as its expressed objective to supplant deductions from natural law by



scientific observation and the recording of things as they existed in fact. In theory, and to some extent in practice as well, they brought relativity into economic study; the observation of diversity and variability in economic life made impossible the continued acceptance of earlier metaphysical generalizations as universally valid. Thus, they challenged the old concept of cause and effect. Secondly, the German historical economists also challenged the fiction of the "economic man". All aspects of life, they observed, had a bearing on economic developments and conditions, and these in turn more or less conditioned other aspects of life. Those German scholars, accordingly, looked toward the study of the history of all parts of society as a means of understanding historical and social change and development. Philosophy was thus ultimately to be scientifically constructed—a concept suggestive of Comte though apparently not stemming from that philosopher.

Gustav Schmoller, of the University of Berlin, was the outstanding historian of this school. He fostered the ideal of a broad, sociological study of the history of man which should lead to a better understanding of man and society. He made economic history his special province—economic in a broad sense as an integral part of the larger whole.

An important contribution of Schmoller was his emphasis on business enterprise. Early in his career he published several local studies which show that he was reaching for an understanding of economic reality in the past and that he had caught a glimpse of the business unit at work. From the point of view of business history this was his most significant contribution. He brought the results of his researches together in a suggestive series of articles on the historical development of *Unternehmung*, or enterprise. His monumental work, published in 1901 and 1904, *Grundriss der Allgemeinen Volkswirtschaftslehre*, was a synthesis of his researches covering a period of about thirty-five years. It is significant for our purpose to note that this work gave much attention to the market, to competition, to business enterprise, and even to the "entrepreneur," or business administrator, himself. Schmoller saw the entrepreneur as the one who takes the initiative and bears the risk, as the focal point of leadership in business enterprise—the person or persons who bring together in an independent organization the various factors of production for the purpose of producing certain goods or services. He was not the first writer to recognize the business man's place in economic life,

but he was the first to give much attention to that person in historical research and writing.

Schmoller brought to historical study a view of business history, but it is only a partial view. He saw the importance of the business man and got a glimpse of the real man, but he looked at him largely as one looking at business from the outside. In his attempt to synthesize he tended to lose sight of the man and to deal chiefly with a description of the economic system, seeing it as a changing set of organizations and institutions throughout the whole length of economic experience from the time when production for exchange began and when exchange itself was carried on by the most elementary kind of economic organization.

The German school was not a unity, except in so far as it was unified through a common historical interest and method. Various members of the school made important contributions which differed somewhat from Schmoller's, though no one seems to have come so close to business history as he. Karl Bücher, a contemporary of Schmoller, worked especially on the problem of economic stages, that is, the apparent succession of evolutionary systems of production. The concept of stages was a dynamic contribution—it emphasized movement, change, and development. Under Bücher's influence a number of studies were written concerning economic development, mostly with reference to particular places or industries.

A minor interest of the German historical economists was the quantitative measurement of historical change. These economists made statistics a common tool of the historian and the economist. The statistical approach later developed into one of the strongest interests among economic historians.

While historical economists of the German school, such as Schmoller and Bücher, were providing historical facts from which they hoped theory would be written, other German scholars, among them Schäffle and Schönberg, were developing a new political economy—drawing facts to a certain extent from history but being concerned mainly with the problem of the national welfare. Known as the *Kathedern* economists or the economists of the government, unlike the classical and liberal economists they conceived of the state as an instrument for furthering social well-being through intervention in economic life.

A large company of scholars in several countries carried forward the study of economic history under the influence of the

German historical economists. In Germany outstanding economic historians have been Ehrenberg, Sieveking, and Strieder, who came closer to an understanding of the rôle of business in economic life than did their predecessors and who have contributed works which are invaluable to the business historian. In England, where the methods of the German historical economists early influenced Sir William Ashley, two other scholars, W. R. Scott and George Unwin, came nearer to the point of view of business history.

Of those later economic historians, Unwin came closest to an understanding of the importance of research and study in the history of business. A scholar by training and indeed, one might say, by instinct, Unwin had lived and worked in an industrial community so that he knew business as a living thing. He had a rare sense of the dynamic in business, which may in part explain both his feeling for function and his acute perception of economic change. His *Industrial Organization in the Sixteenth and Seventeenth Centuries* traces the genesis of modern industrial organization from the breakup of the medieval crafts in England into commercial and industrial capitalist groups, and it shows how the organization developed through the gradual functional differentiation of industrial groups into owner-administrator and employee groups. In his *Samuel Oldknow and the Arkwrights* Unwin came to the very threshold of business history if he did not, indeed, really enter the structure.

At this point let us consider a German economist, a contemporary of Unwin, who did notable work of a different nature—a scholar who cannot be said to have belonged to any particular school but who illustrates the tendency of scholars of his generation to draw from various streams of thought. Werner Sombart, like Karl Marx, believed that man was driven by great external forces, and he had a concept of the order and form of historical development which was essentially Marxian, except as to the immediacy and the form of the revolution. Like the historical economists, however, Sombart wrote history after actually having sought historical data, though not altogether without the Marxian proclivity for letting theory lead the way. He differed from both those schools in one respect, and therein lies his great contribution in the evolution of business history: he saw the business man as a dynamic factor in economic life and gave that man something of an individuality.

In *Der Moderne Kapitalismus*, and especially in his two important books translated into English under the titles of *The Quintessence of Modern Capitalism* and *The Jews and Modern Capitalism*, Sombart gave business a place in history as a great institutional development and, drawing a striking picture of that development on a large scale, he dealt with the "spirit" behind capitalism in such a way as to give the business administrator of the past a certain reality as a type. Sombart's was a psychological approach—an effort to understand the mental and emotional make-up of the business man and to explain how he came to be what he is as well as to indicate his importance to business. Sombart saw the business man, however, as being driven by certain forces working upon him from without rather than as being in himself a creator, as is shown in his *Krieg und Kapitalismus* and his *Luxus und Kapitalismus*.

Sombart's work has not been accorded full acceptance under the close scrutiny of modern historical criticism. His very points of strength are in some degree his weaknesses—the dramatic quality and the clarity of his style bespeak the imaginative and the inventive rather than the critical scholar. Moreover, the entrepreneur whom he describes is a type rather than the real man. Whether or not one agrees with Sombart's facts or his generalizations, one must admit that his work marks a milestone in economic history—he had the courage and the imagination to strike out for himself on a new path, a path which pointed toward business history though Sombart himself never reached that goal.

In the period from the 1870's until early in the present century, the influence of the German economists and economic historians was brought to the United States by a continuous stream of young men who had studied economics and history at German universities. An early manifestation of their effect on American scholarly interest in the general field of economics was the establishment of the American Economic Association in 1885. The strongest single element in the promotion of the Association consisted of young men who had come under the influence of Schäffle and Schönberg: those men attempted, without success, to get the new Association committed to the principle of furthering social well-being through government regulation. They held that the great problem was to curb monopolistic tendencies in business with the allegedly attendant evils to society, especially to the worker. Richard Ely's *An Introduction to Political Economy*,

published in 1889, set forth the principles of the new political economy and may be considered a landmark in the teaching of economics in the United States.

The significance of this development to business history lies in the fact that those economists, who might with some justice be called the "American Social Democrats" and who were primarily interested in and committed to government regulation of business for the general good of society, turned after 1889 to the examination of contemporary business and the recent past of American business. Interested in trusts and monopolies, the growing power of which they feared, they and their students created a large body of literature concerned with the history of business organization in the United States. Interested also in the effect of business on labor, they produced under the leadership of John R. Commons important studies of the history of American labor organizations and labor movements. Like their German predecessors, however, they did not examine problems of monopoly and of labor as business problems but rather as social and political problems. Although those economists have produced a large number of monographs which are valuable in the study of business history, they have always looked at business from the outside rather than from the inside. Like the social economists they have had a strong influence within and outside academic halls, and in large measure that influence has tended to emphasize the evils or problems of business from the immediate social point of view.

Another American line of descent from the German school, the one from which business history in a real sense may be said to have developed, remains to be considered. This line owes its substantial beginning in the United States to the late Edwin F. Gay, who had studied with Schmoller and was strongly influenced by him as he was also influenced by Thorold Rogers, the early English historian of prices. As a teacher of economic history Gay had a strong influence on a whole generation of students. Like Schmoller, he stressed the collection of facts for the conclusions and generalizations which might be drawn from them; like the German economists, he was interested in economic history for the meaning that it might have for contemporary economic life; but, again like Schmoller and unlike the Schäffle-Schönberg group, he did not look to the government as a leading instrument in working toward the economic well-being of society.

His convictions on this question were expressed by his turning aside for a time to serve as dean of the Harvard Graduate School of Business Administration and, later, to serve as president of a corporation publishing a metropolitan daily newspaper. Whereas most of the other American economists stemming from the German school worked chiefly in American history, Gay's interest was mainly in English economic history. His students, however, have worked in English, Continental, and American economic history.

Two fields of study of the scholars who had their training in economic history under Gay are important to business history. From his interest in the statistical measurement of economic development and change has developed one field: quantitative studies in economic history, especially studies of prices. This work, together with that stemming from the other outstanding American leader in this same field, Wesley C. Mitchell, has provided a fund of information about prices, wages, bond yields, interest rates, and the production of goods over a long period of American history, as well as information about the business cycle. All those studies are invaluable in the study of the history of business, but they do not in any way concern themselves with the administration of business.

The second field of study in economic history referred to above is that which was developed by N. S. B. Gras. It was in a real sense from the theorist Von Thünen and the genetic economist Bücher that Professor Gras, while studying with Gay, drew the early inspiration for his concept of economic stages which he later developed through research in English economic history and set forth in the *English Corn Market*, published in 1915, and developed further in *An Introduction to Economic History*, which was published in 1922. This young economic historian saw in the market—which serves as the bridge between production and consumption as well as between potential supply and demand—the central factor in economic life and the most important of the dynamic factors in economic change and development. His early attempts to define stages in economic development, therefore, were expressed in terms of the evolution of the market as seen in the history of village, town, and metropolitan economy.

Although Professor Gras was at first primarily studying economic institutions and emphasizing the evolutionary stages in their development, he was also beginning to feel his way toward



the functional approach. While he was connected with the University of Minnesota, from 1918 to 1927, he made progress in that direction both in his own research and in that of the students working under his direction. The resulting studies, involving some field work, dealt chiefly with the history and development of the metropolitan market area of Minneapolis-St. Paul. Through those research projects, insight was gained into the actual functioning of the executive and the business unit. Several other influences were turning Gras' interest toward the study of business history at the time. The writings of Werner-Sombart and of George Unwin made a deep impression on him. Significant factors, also, were his own perception of the changes occurring in business and in economic life in general and his growing conviction of the strategic importance of the business man in the complex economic structure of modern society. An expression of his interest in business was the fact that in a freshman course in economic history at the University of Minnesota (1919-24) he gave the students who planned to enter the field of business a series of lectures on business men and concerns that clearly pointed to business history.

Such, in brief, had been the trend of thinking and writing concerning the history of economic life up to about 1925. The business man and the administration and operation of business had little place in the story, though steps were being taken in their direction. But why were so few and so short steps taken? The answer is obviously not an easy one. The scholar is always limited by what his predecessors have thought and done, and normally he does not range far from the traditional—the historian like the scientist takes revolutionary steps in advance only after much spade work has laid the foundation. Another factor was undoubtedly the traditional antipathy of scholars to business, an inheritance from the medieval church, buttressed by the prevailing petty-capitalist sympathies of the scholar and the destructive aspects of the operations of the nineteenth-century industrial capitalist. Certain it is, also, that for one reason or another the administration of business was not recognized as a social problem requiring the attention of the scholar. Viewing the whole situation, it is clear that to turn to the study of the history of business administration in the middle 'twenties would take imagination and courage and could probably not be accomplished within the traditional thinking and organization of the liberal arts colleges.

### 3. BUSINESS HISTORY: THE BIRTH OF THE NAME AND THE IDEA

It was one who was neither economist nor economic historian who brought business history as a name and as an idea into being, Wallace B. Donham, a law-trained banker who, while dean of the Harvard Graduate School of Business Administration (1919-42) developed a broad and forward-looking plan for business education. The immediate soil out of which the name and the idea sprang was a developing philosophy of business education. In studying the School's curriculum and methods of instruction, Dean Donham came to see that the prevailing divisions of teaching in our universities were not suited to the needs of training in business. In considering the content and boundary lines of political science, economics, and engineering, for example, he found that those fields looked toward business problems from overlapping but otherwise separate premises. One could not with safety draw over-all inferences, valid and useful in the study of business, from those separate premises. The logical recourse was to go back to the original source of information, to the reality of actual situations.

Dean Donham was influenced by the *needs* of business and, as administrator of a business school, the need of placing business education on a broader foundation. He sensed the growing problems of business itself and of business as a social institution, and he saw the need of developing business administrators with the broad training and ethical standards which characterized such professions as law and medicine. Mr. Donham stressed a more realistic management of human relations in business, a clearer understanding of the relations of business and government, special consideration of ethics in business, and the larger perspective and insight which some understanding of the past experience of business would give.

While his recognition of needs may have come from his own experience in business, Mr. Donham's approach to the problem of educating men for business no doubt had still a broader foundation. He found old concepts challenged by new methods and new ideas which required a broader approach to the study of man and of his institutions and their operation as a part of education for business.

One new departure was the study of the historical background

of modern business. Dean Donham took the steps to implement his interest in giving young business men some understanding of the past experience of business; it was business rather than economic history that he sponsored at the Harvard School of Business. Some friends of this School helped the Dean set up the Business Historical Society in 1925 to collect business records, primarily to furnish raw material for business history. The Straus Professorship of Business History was established in 1927 in memory of Isidor Straus, by his sons, Jesse, Percy, and Herbert, through the efforts of Dean Donham to provide for the subject. On the recommendation of Professor Gay, Professor N. S. B. Gras was asked to undertake the work in business history. Professor Gras was chosen because, although his main work had been in the field of economic history, he had already developed enthusiasm for business and its historical background. In 1927, then, Dean Donham created the opportunity for business history. It was chiefly in the decade 1929-39, however, that the subject developed content and form in the process of research and instruction in the field, with the aid of the case method then being exploited to the full.

#### 4. CREATING A NEW FIELD OF HISTORICAL RESEARCH AND TEACHING

While Dean Donham gave to business history a name, an idea, and institutional support, it was Professor Gras who created the new field of historical research and teaching as something different from economic history. The emphasis of the School was on administration, especially policy and management; and to be effective the new course also had to present the work in history in a way which would have meaning to the business administrator. The case system of teaching used in the School, together with the opportunity which the School afforded for observing the constant play of dynamic conditions in society and the results following therefrom, were important elements in the development of the new subject. In short, business history was being born into the real world.

This does not mean that traditional historical scholarship in the economic field was not helpful; on the contrary it was basic to the new development. It is axiomatic that no creative work in scholarship or art is wholly original. It seems fair to say that no one without a strong foundation in economic history and the his-

tory of economic thought could have visualized the new departure which business history really was, and that no one with those foundations but without some knowledge of business itself could have taken leadership in creating the new field of research and study.

Much to his surprise and regret, Professor Gras found that he was to receive little help from economic historians, at least for the time being. At first, he observed that they denied that there was such a discipline as business history. Then, he observed that they maintained that they had had the subject in mind all the time. And, finally, he found them claiming that business history was merely a part of economic history; as a preliminary pledge to the new interest they discussed the mythical "entrepreneur" who remained as unrealistic and shadowy as when he left the hands of the classical and historical economists. Today there is an indication of a duality in business history: it will be written by some as part of economic history and by others as specialized business history. There is some merit as well as danger in this solution.

What Professor Gras did do was to take the step which economic history had in a sense been ready for twenty-five years earlier—to turn from the description and analysis of the economic system to the study of its operation, particularly as focussed on the work of policy-makers and managers of operations. Professor Gras visualized business history not as a branch of economic history, although most certainly a descendant of it, but rather as a new and quite separate field, a field concerned with business men and units at work rather than with description of the general development of industries, economic institutions, organization, and problems.

As there was a difference in content, so there was also necessarily a difference in research method. Since the study of business in operation was new, it became necessary to begin with the individual business unit. The study of men and firms thus became the first task—it seemed clear that only from an understanding of how men and firms have worked and developed could definite general historical studies of given industries, business administration, or of economic systems be written. This study of business units required new research materials, and these were found in the original records of business itself.

Of course it was recognized that the business unit could not be

studied in a vacuum. The business man has worked, as he has lived, within his material, social, political, and cultural environment, an environment which has been in a constant state of flux, cyclical and otherwise, and which has been marked by conflicts, rigidities, contradictions, cultural lag, and brilliant creativeness, all of which have tended to throw the best-laid plans and operations of business out of adjustment and thus to bring undreamed-of opportunities, on the one hand, and trouble, on the other, to business men and units and, indeed, to whole societies.

In the course of the years a considerable group of men and women have worked with Professor Gras at the Harvard Graduate School of Business Administration. Ideas and generalizations, opinions and theories, have been critically discussed and frequently revised—generally with close reference to actual cases and data obtained from business records. I have been a member of the group since 1928. **Ralph M. Hower for many years contributed** especially by his work as a student and a teacher at the Harvard Business School, critically checking historical data and theory with the realities of business. In the early days Edward Edelman and Kenneth W. Porter did yeoman service in building up case material for use in teaching at the School, and Mr. Porter produced two scholarly works, each of two volumes, which are or come near to being definitive. Charles W. Moore and J. Owen Stalson, both of whom had had considerable experience in business, brought to research in the history of business different approaches and methods and provided fresh material and the illumination of its meaning. Charles Sterling Popple contributed to the group his ability to generalize quickly and effectively from scattered sources. George Gibb enriched us with his insight into the nature of the individual workman and executive. Mrs. Evelyn Knowlton has, similarly, shown unusual insight into the actual management of manufacturing operations. Dr. Florence Edler de Roover and Dr. Raymond de Roover provided rich information about medieval business to give perspective to studies of later centuries. Each of these and several others have made their contribution to a high adventure in the social sciences.

It has been a slow work, expensive in time and money, to produce biographies of men and histories of firms. In the *Harvard Studies in Business History* have appeared biographies or histories as follows:

- John Jacob Astor, Business Man*, by Kenneth Wiggins Porter  
*Jay Cooke, Private Banker*, by Henrietta M. Larson  
*The Jacksons and the Lees: Two Generations of Massachusetts Merchants, 1765-1844*, by Kenneth Wiggins Porter  
*The Massachusetts-First National Bank of Boston, 1784-1934*, by N. S. B. Gras  
*The History of an Advertising Agency: N. W. Ayer & Son at Work, 1869-1939*, by Ralph M. Hower  
*History of Macy's of New York, 1858-1919: Chapters in the Evolution of the Department Store*, by Ralph M. Hower  
*The Whitesmiths of Taunton: A History of Reed & Barton, 1824-1943*, by George Sweet Gibb  
*Development of Two Bank Groups in the Central Northwest: A Study in Bank Policy and Organization*, by Charles Sterling Popple  
*The House of Hancock: Business in Boston, 1724-1775*, by W. T. Baxter  
*Timing a Century: History of the Waltham Watch Company*, by Charles W. Moore

In addition, Professor Gras has written a history of the Harvard Coöperative Society, a pioneer effort in the study of a coöperative from the inside as a business. Several other studies of firms are in process which will add to the range of subjects covered and represent the more recent thinking of the group.

The first effort made by the group in the direction of industry studies was J. Owen Stalson's *Marketing Life Insurance: Its History in America*, also a volume in the *Harvard Studies in Business History*. This work was written from the point of view of administration and was drawn in large measure from the records of companies. While the concern of this study is chiefly with marketing, that function is seen in relation to the business of life insurance as a whole. Mr. Stalson's method of going to the records of many firms for his information is too costly in time and money to be employed widely, but his work set a new standard for the study of an industry.

Three other volumes of a general nature have been produced. *A Casebook in American Business History*, by N. S. B. Gras and Henrietta M. Larson, brought together many short studies, chiefly of business men and firms, covering the whole of American business history in time, though falling far short of presenting the full breadth of the subject. My *Guide to Business History*, now in the press, is an effort to list a wide selection of printed materials and to bring them into the perspective of business history, and, also, to evaluate from the point of view of their contribution to



business history the various materials for research and study in the field. It is an attempt to provide a guide to both the subject and its materials.

The most significant by far of the *general* treatises produced by the Harvard group working in business history is Mr. Gras' *Business and Capitalism: An Introduction to Business History* (1939). This book is a milestone in historiography. It is a genetic study of the history of business from its beginning. It presents in succession the petty capitalist, mercantile capitalist, industrial capitalist, financial capitalist, and national capitalist, always emphasizing policy, control, and management. While this book was presented as a tentative effort, it opens up a new world of historical research and study and presents ideas and challenges which should have wide influence for years to come among scholars as well as among students, business men, or other readers.

Recently a further step has been taken which is in effect a broadening out of the work of Professor Gras and the group which he has led. Because of the need of an agency to sponsor research in business history in a way which no single academic institution could do, an organization was established for that purpose. It is the Business History Foundation, Inc., established in March of the present year under the membership (non-profit) corporations law of the State of New York. Such an institute is necessarily tentative and experimental. Whether it will become more than merely an experiment will depend on the extent to which it proves to be useful in furthering objective and scientific research in the history of business and also the extent to which it is able to obtain funds for the support of its work.

The Foundation has initiated or undertaken to support several projects. It has underwritten the publication of several studies and has provided a substantial grant-in-aid for one. Its first big task, already under way, is the study of the history of the Standard Oil Company (N.J.). It was the offer of the directors of this company to open its records for study by a group of business historians and to make a substantial gift to an institution sponsoring the project that made possible the establishment of the Business History Foundation with all that step may imply for the future development of the social sciences.

Before the research in the history of the Standard Oil Company (N.J.) had proceeded far, one of the chief affiliates of that company made separate arrangements for the writing of its his-

tory under the auspices of the Foundation. This is the Humble Oil & Refining Company, which has had such success as a producer and refiner of petroleum. The staff for this task has already been selected and part of the work begun. It will be in such research staffs as those working on the histories of the Jersey company and the Humble Company that skill and experience may be found for future undertakings.

In the meantime, interest and research in business history has been spreading widely, and throughout the country much work is being done independently of the Harvard group. Courses in the subject are now being offered at several of our larger universities, though the transition from economic and social history to business history has not always been made. Quite apart from instruction, the subject has become recognized among historians as a regular field for research. Business records are now being collected by depositories the country over. And business men, who twenty years ago generally looked upon the student asking to use their records for research as a nuisance and a potential danger, are now coming to understand the need and value of research in their business records and to coöperate with the scholar in making such research possible and effective.

##### 5. A LOOK AHEAD: METHODS AND WORK TO BE DONE

The business executive must stop periodically to review the past of his company and to plan for the future. The scholar must plan similarly if he is to do creative work in any specific direction and if he is to look toward definite accomplishments. This involves consideration of both what should be done and how it should be done.

Business historians need especially to consider the work ahead. The subject is at something like a critical point today, for it is facing especially the dangers inherent in a rapid growth of popularity. That growth may lead to the dilution and weakening of the subject through superficial work. Already the opportunities for doing histories of business firms have outgrown the availability of trained business historians. The growth of the popularity of the subject in schools contains another danger, namely, that business history may, as happened to economic history, be taken over in a partial and superficial way to serve other disciplines and scholars in the social sciences, thus losing its own identity and strength. There is also the danger that the business historian

may consciously or unconsciously lose his independence and objectivity as a scholar. This danger is very real, for the business historian must depend on the business man largely for both his materials and his financial support. Lastly, there is the possibility that the critical evaluation of concepts and methods may decrease and the advance of the subject become only a matter of doing more of the same thing in the same way. Let us consider a few of these dangers at some length.

Business history, like any science, requires training on the part of its practitioners. The business historian must, of course, know the ordinary techniques of historical research and writing. He must also have some concept of the structure, functioning, and objectives of the business unit and system and of the place of business in society, especially in the past hundred years. Moreover, he must have some familiarity with the larger social, cultural, political, and economic setting of business, that is, of the historical environment of business. Lastly, the business historian must have some familiarity with business records.

If business history is to develop far, there must be opportunities for getting the necessary training. Very few historians can train themselves, and few will have the opportunity to obtain training through apprenticeship under business historians. It is essential that advanced training and research opportunities be offered to graduate students in our universities. This extension will require new developments in curriculum and new financing. An example of a step in the direction of furthering training in business history is the fellowship offered by the Business Historical Society for study of the subject at the Harvard School of Business.

To maintain the independence and objectivity of the historian requires vigilance. The business historian studying a man or a firm must guard himself against becoming the protagonist of his subject, as must every biographer of a man or an institution; one specific corrective is to obtain considerable familiarity with other men or firms operating in the same business. He must also guard himself against coming under the strong influence or control of the man or firm whose biography or history he is writing. Wise business men see that biased history does not accomplish very much that is lasting; it is the obviously objective research which will be taken seriously in the long run. Where the work of the historian has as its aim to provide exact information for the use

of the firm itself or for genuine educational purposes, there the importance of objectivity and balance are clearly apparent. So important is the scholar's freedom from control or restraint in pursuing his research and writing—freedom from controls other than the facts he finds and his own ability and conscience as a scholar—that no study should be undertaken where full freedom is not granted and its implications understood.

Before a scholar undertakes to write the history of a company, he should be certain (1) that the records are adequate, (2) that full access to them and to employees for the purpose of interviewing is assured, (3) that publication will follow research and writing, (4) that the company will criticize what has been written, and (5) that the author will be permitted to make the final decisions in setting forth facts, generalizations, and opinions.

Lastly, there is the problem of keeping the subject from settling into a fixed groove or pattern of thought and technique. Nothing could be more healthy from the point of view of the growth of the subject than for strong work in business history to develop, let us say, in Chicago or San Francisco, to work creatively and independently of the Harvard group, though drawing on the experience and product of the latter where it can be helpful. In every place an effort should be made to maintain the independence and integrity of the individual scholar as the surest way to bring about a vital growth. Essential of course is the opportunity to do creative, scholarly work and to develop strong scholars, particularly to train imaginative scholars to provide leadership.

Along what lines is growth in the subject needed? Let us begin by saying that business history should grow both in breadth and in depth, that is, in coverage and content.

There are many industries which have hardly been touched at all by the business historian. Among them are mining, the petroleum industry, agriculture, public utilities, transportation, communication, and many lines of manufacture. In no industry have enough studies based on business records been made to make possible the writing of a convincing business history of the industry.

Moreover, some types of business have been wholly or nearly completely neglected, notably the petty capitalist, the financial capitalist, and the great industrial capitalist group centered in the holding company. To have some understanding of the nature, significance, and strength and weaknesses of the petty capitalist is

essential to an understanding of American business of the past and of today. And, then, we can never fully understand American business of about 1890 to 1930 without more exact and balanced information than we now have about the great investment banking houses (financial capitalists).

The large holding company group represents a need and an opportunity for research that cannot be stressed too greatly. Concerning no aspect of modern business has there been more misrepresentation and more popular ignorance than in this area, and no type of business organization presents so many and difficult problems of administration. Our standard of living is intimately tied to the great mass-production group. Shall it be destroyed with the attendant social loss, or shall we study it in order the better to learn how to use it? The Standard Oil history project undertaken by the Business History Foundation is a first effort in the study of a great aggregation of companies.

With the growth of studies of companies of various kinds, more information will be available for writing with increasing sureness the history of industries, of important topics, and of business as a whole. This is of course the ultimate goal of the business historian, and one that can be reached only after much more research has been done.

The depth content of the subject must also continue to grow. The study of the business unit started modestly at first, concentrating on the investigation of what the firm did, on methods and results, without much attempt at generalization or interpretation or at placing the unit studied in its larger relationship. This was done consciously with the conviction that a narrow concentration of effort was the only method that could be used with profit in the early stage of the work.

But there has been a gradual deepening, a gradual increase in emphasis on the human factor in business and on function, and a better understanding of relationships and influences. In other words, the content of the work has been enriched as the historian has learned more and has gained greater insight into the broader implications and relationships involved in business administration and operation over the generations. To say that the subject is growing in depth does not imply a sanction of the spreading of effort to the extent of losing sight of the core of business—the focal point of business history is, and must unquestionably remain, its administration and operation.

The reaching out of the business historian into the deeper and wider ramifications of business history calls for the assistance of other social scientists and, indeed, students of law and of the various natural sciences and applied sciences. The student of the history of law, for example, could serve the business historian well by research and writing in the history of business law and its administration. The student of the history of government regulation would serve the business historian by paying more attention to the administration of regulation and results. (We Americans have too long been satisfied with knowing only that a law has been passed.) The business historian needs the help of the social and cultural historian in building up factual information, for example, about living conditions, the structure and composition of American society, its drives, and horizontal and vertical mobility within society through the generations. Too much of American social history has been based on a theory of exploitation and the conflict of groups and interests which the facts uncovered by the research of the business historian lead him to believe have only a limited validity.

Indeed, the needs of the business historian point to the importance of a better coördination of the efforts of scholars in various fields. The business historian must specialize and concentrate his research efforts, and for information concerning the wider ramifications of his subject and for the stimulus of discoveries in other fields—be it in law, psychology, philosophy, or other lines of research and scholarly endeavor—he must depend on specialists in those other fields. But for such a flow of information to be effective, there must be a basic oneness in method and an overlapping of interests. Here is a place where the Business History Foundation might provide some assistance, that is, in helping students in other fields who are working on research subjects having some bearing on business history.

Another matter which needs attention is that of making available to students, business men, and the general public the results of research and study in the history of business available to scholars in related fields. It is probably correct to say—using an analogy from business—that the Harvard business history group have been better production men than marketers. One explanation is obvious—that one must produce before one can distribute. But, again drawing from business experience for illustration, continued emphasis on production to the neglect of



marketing is fatal.

How can better distribution be effected? It must suffice at this point to call attention to the problem. Several methods have been suggested for attacking it. The research scholar generally feels, however, that he has neither the time nor the techniques for popularization, and he hesitates to hawk his wares too obviously before other scholars.

#### 6. THE USES OF BUSINESS HISTORY

The building up of business history as a field for research and study is well under way, and the possibilities of further research are almost unlimited. The work will obviously go forward, however, only in proportion to the conviction of scholars and business men that it has something significant, something of value, to offer. It remains, then, to consider what contributions research and study in this field have to make.

Dean Donham's object in introducing history into the curriculum was, as we have seen, to help train men for business by giving them something of that perspective on their work which knowledge of the past development of business should afford. To a marked degree the teaching of business history at the Harvard School of Business has succeeded in doing this. Naturally, in the study of the experiences, policies and management methods, successes and failures, of individual men and firms over successive generations and through several systems of capitalism, the students obtain a vicarious experience which is, in time and in breadth or variety, far beyond what any man can obtain directly. Observation of the dynamic nature of business and the many factors bearing on it heightens the students' awareness of the need for flexibility and for close observation of the factors making for change. They should also gain a heightened perception of ethical issues and of the close interdependence of business and the society in which it operates. In the teaching of business history the aim has been to develop the quality of critical evaluation of business policy, organization, means of control, and techniques.

Business history should have a similar value to men already in business, but there is one special way in which historical research may be useful to business. That is research in a firm's own records. For a company to have a study made of its own experience is not only a contribution to business knowledge and education; it is a means whereby a company's executives may ac-

quaint themselves with its past, and it is especially useful in providing a reference work dealing with the company's former years.

Business history was started modestly as an aid in training for business, but over the years it has become evident that it has a broader usefulness. It offers to meet in some degree the need for a public better informed in regard to business. Indeed, it is offered as something of a corrective of our unbalanced education of today, which almost wholly leaves out of consideration the study of business of both the present and the past.

The continuance, the very existence, of our civilization depends in marked measure on the maintaining and spreading of high standards of living, which of course depend upon the functioning of our economic system and on the distribution of its product. Yet we have a public in this country that is quite unfamiliar with the operation of our economic system except in so far as it touches its members directly. The lag between actual business development and general understanding of the nature and significance of that development is unquestionably responsible for some of our instability and uncertainty today.

The schools have been at fault in this matter. As was implied above in our consideration of economic theory and history, the administration and operation of business have been given little attention by historians or economists. On the contrary, indeed, there has been much criticism of business; some criticism has been based on facts, but on a one-sided or partial consideration of facts, while a great deal has been based on assumptions and points of view which are quite unreal and prejudiced.<sup>2</sup> When the general public, business men, and those having to do with research and education come to realize that it is important to develop a business leadership of the highest type and to instruct the public in matters relating to business, then we shall have made progress.

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Such, in brief, are the developments in research in business history and in thinking about the subject over the past twenty years. Participating in the work has been an exciting adventure and a satisfying experience. The pioneer days are now past. The next twenty years should carry the work to a point where it real-

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<sup>2</sup> For further discussion of this matter, see the author's article entitled "Danger in Business History," which appeared in the spring issue of the *Harvard Business Review* in 1944.

izes some of its possibilities as an aid in attaining a higher business statesmanship and a more intelligent and discriminating public generally in matters of business.

The sober fact is that to accomplish that end will require imaginative and serious and patient work on the part of many scholars, the application of the results of research to formal and informal education, and extensive financial and institutional support. Obviously it will require a continuation of and an increase in the cooperation of business men and scholars. Will the social scientist see the opportunity and will the business man support him in carrying forward the work which has had such a sturdy and promising beginning?

If there is one note more challenging than another on which to end this disquisition, it is that the study of business history has meant and should continue to mean that the historian shall learn from life as well as from books, articles, and records. The business historian, particularly if he is dealing with recent developments, must interview men, observe processes, balance current opinions, and record afresh and on his own authority. His is no second-hand revision of another's job but an original recording of facts and generalizations. To historians, indeed to social scientists generally, such field work or personal observation is not at once popular. The opportunity, however, of touching reality and appraising its worth is attractive to the serious student who is intellectually honest. And so the dust of the records, the noise of the machines, and the conflict of men's spoken words will go into the cauldron that is to turn out business history.

HENRIETTA M. LARSON,  
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## Secretary's Column

In addition to the material which we have acknowledged during the current year, we gratefully acknowledge the following:

From American Monument Association, Boston, Mass.: A brochure entitled *Lest We Forget*.

From American Optical Company, Southbridge, Mass.: *Annual Report for 1946*.

From American Petroleum Institute, New York City: *Proved Reserves of Crude Oil, Natural Gas Liquids, and Natural Gas*; also, Proceedings of twenty-sixth annual meeting, Sections I, *Agriculture, Taxation and Public Relations*; II, *Marketing*; III, *Refining*; IV, *Production*; V, *Transportation*.

From Baldwin and Mermey, New York City: Pamphlet, *Cuba: Supplies your sugar; Buys your Products*, published by the American Chamber of Commerce of Cuba.

From Borden Company, New York City: *Story of Gail Borden*.

From Davison Publishing Company, Ridgewood, N. J.: *Textile Blue Book* for 1947; *Rayon and Silk Trades—the Standard Guide*, 51st and 52d annual editions, 1946 and 1947; *Davison's Textile Blue Book*, July, 1946; *Davison's Knit Goods Trade*, October, 1946; and *Davison's Textile Catalogues and Buyers Guide*, November, 1946.

From Dow Chemical Co., Midland, Mich.: Fiftieth anniversary edition of *Dow Diamond*, May, 1947.

From Miss Louise S. Earle, Lynn, Mass.: Paper patterns for shoes, made in 1829.

From Gulf, Mobile & Ohio Railroad Company, Mobile, Ala.: *7th Annual Report* for 1946.

From Mr. Charles H. Gushee, President, Financial Publishing Company, Boston, Mass.: Arthur Stone Dewing, *The Financial Policy of Corporations* (New York, 1921); Robert H. Montgomery, *Excess Tax Procedure, 1921* (New York, 1921); *The Bar Register*, for 1925; H. A. Toulmin, Jr., *Millions in Mergers* (New York, c. 1929); *Thomson's Manual of Pacific Northwest Finance*, vol. i (Seattle, 1930); Frank Farrington, *Making a Drug Store Pay* (New York, 1914); Harry L. Hollingworth, *Advertising and Selling* (N. Y., c. 1913); Directory of Corporations, Partnerships, Banks in the Boston District, 1941, 1943, 1945; Franklin Escher, *Elements of Foreign Exchange* (New York, 1920); *Daily Record of the Boston Stock Exchange, 1863-65*; *Moody's Public Utilities, 1924-30*; *Moody's Steam Railroads, 1918, 1924, 1927*; *Moody's Industrials, 1919, 1925, 1927, 1929-30*; *Moody's Banks, Insurance, Real Estate,*

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- From Mr. Patrick Tracy Jackson, President, American Reinforced Paper Co., Boston, Mass.: *Transactions of the National Association of Cotton Manufacturers*, 1905-1942; also, *Supply and Distribution of Cotton*, Bureau of Census, Bulletin Nos. 100, 106-107, 110-111, 113-117; and *The Cotton Textile Industry of Far Eastern Countries*, by Charles K. Moser, Pepperell Mfg. Co., 1930.
- From Mr. Hans Miller, Concord, Mass.: 12 trade catalogs; 24 issues *Wireco Life*; 10 issues *U. S. Steel News*; 144 annual reports; investment and trade letters, folders, and figures; investment and trade publicity materials; and investment publicity folders.
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- From School of Business Administration, University of Oregon, Eugene, Oregon: *A Study in Investment Mortality*, by O. K. Burrell; also, *The Foreign-trade Zone*, by Alfred L. Lomax.
- From Mr. Howard S. Russell, Wayland, Mass.: Handbills, receipts (1850's), patents (1837, 1839), trade cards, etc.
- From and by D. W. Ryder, San Francisco, Calif.: *Storied San Francisco*, a special edition of the Fireman's Fund Record, May, 1945; and *The Story of Sherman Clay & Co., 1870-1947*.
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We take pleasure in acknowledging also the exchanges which have reached us during 1947:

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 From Georgia Historical Society, Savannah, Georgia: *Georgia Historical Quarterly*.  
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 From Minnesota Historical Society, St. Paul, Minn.: *The Forest Products History Foundation*.  
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 From Mr. Lester I. Norton, Vice-President, The National Provisioner, Chicago, Ill.: *The National Provisioner*.  
 From Society for the Preservation of New England Antiquities, Boston, Mass.: *Old Time New England*.  
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- From Aktiebolaget Svenska Handelsbanken, Stockholm, Sweden: *Index*.